

## CHAPTER 62—INTERNATIONAL FINANCIAL POLICY

### SUBCHAPTER I—EXCHANGE RATES AND INTERNATIONAL ECONOMIC POLICY COORDINATION

- Sec.  
 5301. Short title.  
 5302. Findings.  
 5303. Statement of policy.  
 5304. International negotiations on exchange rate and economic policies.  
     (a) Multilateral negotiations.  
     (b) Bilateral negotiations.  
 5305. Reporting requirements.  
     (a) Reports required.  
     (b) Contents of report.  
 5306. Definitions.

### SUBCHAPTER II—INTERNATIONAL DEBT

#### PART A—FINDINGS, PURPOSES, AND STATEMENT OF POLICY

5321. Short title.  
 5322. Findings.  
 5323. Purposes.  
 5324. Statement of policy.

#### PART B—INTERNATIONAL DEBT MANAGEMENT AUTHORITY

5331. International initiative.  
     (a) Directive.  
     (b) Objectives.  
     (c) Interim reports.  
     (d) Final report.  
 5332. Actions to facilitate creation of Authority.  
     (a) In general.  
     (b) Construction of section.  
 5333. IMF-World Bank review.  
     (a) IMF review.  
     (b) World Bank review.

### SUBCHAPTER III—PRIMARY DEALERS

5341. Short title.  
 5342. Requirement of national treatment in underwriting government debt instruments.  
     (a) Findings.  
     (b) Designation of certain persons as primary dealers prohibited.  
     (c) Exception for countries having or negotiating bilateral agreements with United States.  
     (d) “Persons of a foreign country” defined.  
     (e) Effective date.

### SUBCHAPTER IV—FINANCIAL REPORTS

5351. Short title.  
 5352. Quadrennial reports on foreign treatment of United States financial institutions.  
 5353. Fair trade in financial services.  
     (a) Discussions.  
     (b) Consultation before discussions.  
     (c) Recommendations.  
     (d) Construction of section.  
 5354. Banks loan loss reserves.

### SUBCHAPTER I—EXCHANGE RATES AND INTERNATIONAL ECONOMIC POLICY COORDINATION

#### § 5301. Short title

This subchapter may be cited as the “Exchange Rates and International Economic Policy Coordination Act of 1988”.

(Pub. L. 100-418, title III, § 3001, Aug. 23, 1988, 102 Stat. 1372.)

#### REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this subtitle”, meaning subtitle A (§§ 3001-3006) of

title III of Pub. L. 100-418, which enacted this subchapter and amended section 225a of Title 12, Banks and Banking. For complete classification of subtitle A to the Code, see Tables.

#### § 5302. Findings

The Congress finds that—

(1) the macroeconomic policies, including the exchange rate policies, of the leading industrialized nations require improved coordination and are not consistent with long-term economic growth and financial stability;

(2) currency values have a major role in determining the patterns of production and trade in the world economy;

(3) the rise in the value of the dollar in the early 1980's contributed substantially to our current trade deficit;

(4) exchange rates among major trading nations have become increasingly volatile and a pattern of exchange rates has at times developed which contribute to substantial and persistent imbalances in the flow of goods and services between nations, imposing serious strains on the world trading system and frustrating both business and government planning;

(5) capital flows between nations have become very large compared to trade flows, respond at times quickly and dramatically to policy and economic changes, and, for these reasons, contribute significantly to uncertainty in financial markets, the volatility of exchange rates, and the development of exchange rates which produce imbalances in the flow of goods and services between nations;

(6) policy initiatives by some major trading nations that manipulate the value of their currencies in relation to the United States dollar to gain competitive advantage continue to create serious competitive problems for United States industries;

(7) a more stable exchange rate for the dollar at a level consistent with a more appropriate and sustainable balance in the United States current account should be a major focus of national economic policy;

(8) procedures for improving the coordination of macroeconomic policy need to be strengthened considerably; and

(9) under appropriate circumstances, intervention by the United States in foreign exchange markets as part of a coordinated international strategic intervention effort could produce more orderly adjustment of foreign exchange markets and, in combination with necessary macroeconomic policy changes, assist adjustment toward a more appropriate and sustainable balance in current accounts.

(Pub. L. 100-418, title III, § 3002, Aug. 23, 1988, 102 Stat. 1372.)

#### § 5303. Statement of policy

It is the policy of the United States that—

(1) the United States and the other major industrialized countries should take steps to continue the process of coordinating monetary, fiscal, and structural policies initiated in the Plaza Agreement of September 1985;

(2) the goal of the United States in international economic negotiations should be to

achieve macroeconomic policies and exchange rates consistent with more appropriate and sustainable balances in trade and capital flows and to foster price stability in conjunction with economic growth;

(3) the United States, in close coordination with the other major industrialized countries should, where appropriate, participate in international currency markets with the objective of producing more orderly adjustment of foreign exchange markets and, in combination with necessary macroeconomic policy changes, assisting adjustment toward a more appropriate and sustainable balance in current accounts; and

(4) the accountability of the President for the impact of economic policies and exchange rates on trade competitiveness should be increased.

(Pub. L. 100-418, title III, § 3003, Aug. 23, 1988, 102 Stat. 1373.)

**§ 5304. International negotiations on exchange rate and economic policies**

**(a) Multilateral negotiations**

The President shall seek to confer and negotiate with other countries—

(1) to achieve—

(A) better coordination of macroeconomic policies of the major industrialized nations; and

(B) more appropriate and sustainable levels of trade and current account balances, and exchange rates of the dollar and other currencies consistent with such balances; and

(2) to develop a program for improving existing mechanisms for coordination and improving the functioning of the exchange rate system to provide for long-term exchange rate stability consistent with more appropriate and sustainable current account balances.

**(b) Bilateral negotiations**

The Secretary of the Treasury shall analyze on an annual basis the exchange rate policies of foreign countries, in consultation with the International Monetary Fund, and consider whether countries manipulate the rate of exchange between their currency and the United States dollar for purposes of preventing effective balance of payments adjustments or gaining unfair competitive advantage in international trade. If the Secretary considers that such manipulation is occurring with respect to countries that (1) have material global current account surpluses; and (2) have significant bilateral trade surpluses with the United States, the Secretary of the Treasury shall take action to initiate negotiations with such foreign countries on an expedited basis, in the International Monetary Fund or bilaterally, for the purpose of ensuring that such countries regularly and promptly adjust the rate of exchange between their currencies and the United States dollar to permit effective balance of payments adjustments and to eliminate the unfair advantage. The Secretary shall not be required to initiate negotiations in cases where such negotiations would have a serious detrimental impact on

vital national economic and security interests; in such cases, the Secretary shall inform the chairman and the ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee on Banking, Finance and Urban Affairs of the House of Representatives of his determination.

(Pub. L. 100-418, title III, § 3004, Aug. 23, 1988, 102 Stat. 1373.)

**CHANGE OF NAME**

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

**NEGOTIATIONS ON CURRENCY EXCHANGE RATES**

Section 1124 of Pub. L. 100-418 provided that:

“(a) FINDINGS.—The Congress finds that—

“(1) the benefit of trade concessions can be adversely affected by misalignments in currency, and

“(2) misalignments in currency caused by government policies intended to maintain an unfair trade advantage tend to nullify and impair trade concessions.

“(b) NEGOTIATIONS.—Whenever, in the course of negotiating a trade agreement under this subtitle [subtitle A (§§ 1101 to 1125) of title I of Pub. L. 100-418, see Tables for classification], the President is advised by the Secretary of the Treasury that a foreign country that is a party to the negotiations satisfies the criteria for initiating bilateral currency negotiations listed in section 3004(b) of this Act [22 U.S.C. 5304(b)], the Secretary of the Treasury shall take action to initiate bilateral currency negotiations on an expedited basis with such foreign country.”

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 5305 of this title.

**§ 5305. Reporting requirements**

**(a) Reports required**

In furtherance of the purpose of this chapter, the Secretary, after consultation with the Chairman of the Board, shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, on or before October 15 of each year, a written report on international economic policy, including exchange rate policy. The Secretary shall provide a written update of developments six months after the initial report. In addition, the Secretary shall appear, if requested, before both committees to provide testimony on these reports.

**(b) Contents of report**

Each report submitted under subsection (a) of this section shall contain—

(1) an analysis of currency market developments and the relationship between the United States dollar and the currencies of our major trade competitors;

(2) an evaluation of the factors in the United States and other economies that underlie conditions in the currency markets, including developments in bilateral trade and capital flows;

(3) a description of currency intervention or other actions undertaken to adjust the actual exchange rate of the dollar;

(4) an assessment of the impact of the exchange rate of the United States dollar on—

(A) the ability of the United States to maintain a more appropriate and sustainable balance in its current account and merchandise trade account;

(B) production, employment, and non-inflationary growth in the United States;

(C) the international competitive performance of United States industries and the external indebtedness of the United States;

(5) recommendations for any changes necessary in United States economic policy to attain a more appropriate and sustainable balance in the current account;

(6) the results of negotiations conducted pursuant to section 5304 of this title;

(7) key issues in United States policies arising from the most recent consultation requested by the International Monetary Fund under article IV of the Fund's Articles of Agreement; and

(8) a report on the size and composition of international capital flows, and the factors contributing to such flows, including, where possible, an assessment of the impact of such flows on exchange rates and trade flows.

(Pub. L. 100-418, title III, §3005(a), (b), Aug. 23, 1988, 102 Stat. 1374.)

#### REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original “this title”, meaning title III of Pub. L. 100-418, Aug. 23, 1988, 102 Stat. 1372, which enacted this chapter and section 262q of this title, amended sections 225a, 635, 635i-3, 1843, and 3912, of Title 12, Banks and Banking, and enacted provisions set out as notes under section 262q of this title and sections 635, 635i-3, and 1841 of Title 12. For complete classification of title III to the Code, see Tables.

#### CHANGE OF NAME

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

### § 5306. Definitions

As used in this subchapter:

#### (1) Secretary

The term “Secretary” means the Secretary of the Treasury.

#### (2) Board

The term “Board” means the Board of Governors of the Federal Reserve System.

(Pub. L. 100-418, title III, §3006, Aug. 23, 1988, 102 Stat. 1375.)

## SUBCHAPTER II—INTERNATIONAL DEBT

### PART A—FINDINGS, PURPOSES, AND STATEMENT OF POLICY

#### § 5321. Short title

This subchapter may be cited as the “International Debt Management Act of 1988”.

(Pub. L. 100-418, title III, §3101, Aug. 23, 1988, 102 Stat. 1375.)

#### REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this subtitle”, meaning subtitle B (§§3101-3123) of title III of Pub. L. 100-418, which enacted this subchapter and amended section 3912 of Title 12, Banks and Banking. For complete classification of subtitle B to the Code, see Tables.

### § 5322. Findings

The Congress finds that—

(1) the international debt problem threatens the safety and soundness of the international financial system, the stability of the international trading system, and the economic development of the debtor countries;

(2) orderly reduction of international trade imbalances requires very substantial growth in all parts of the world economy, particularly in the developing countries;

(3) growth in developing countries with substantial external debts has been significantly constrained over the last several years by a combination of high debt service obligations and insufficient new flows of financial resources to these countries;

(4) substantial interest payment outflows from debtor countries, combined with inadequate net new capital inflows, have produced a significant net transfer of financial resources from debtor to creditor countries;

(5) negative resource transfers at present levels severely depress both investment and growth in the debtor countries, and force debtor countries to reduce imports and expand exports in order to meet their debt service obligations;

(6) current adjustment policies in debtor countries, which depress domestic demand and increase production for export, help to depress world commodity prices and limit the growth of export markets for United States industries;

(7) the United States has borne a disproportionate share of the burden of absorbing increased exports from debtor countries, while other industrialized countries have increased their imports from developing countries only slightly;

(8) current approaches to the debt problem should not rely solely on new lending as a solution to the debt problem, and should focus on other financing alternatives including a reduction in current debt service obligations;

(9) new international mechanisms to improve the management of the debt problem and to expand the range of financing options available to developing countries should be explored; and

(10) industrial countries with strong current account surpluses have a disproportionate share of the world's capital resources, and bear an additional responsibility for contributing to a viable long-term solution to the debt problem.

(Pub. L. 100-418, title III, §3102, Aug. 23, 1988, 102 Stat. 1375.)

### § 5323. Purposes

The purposes of this subchapter are—

(1) to expand the world trading system and raise the level of exports from the United

States to the developing countries in order to reduce the United States trade deficit and foster economic expansion and an increase in the standard of living throughout the world;

(2) to alleviate the current international debt problem in order to make the debt situation of developing countries more manageable and permit the resumption of sustained growth in those countries; and

(3) to increase the stability of the world financial system and ensure the safety and soundness of United States depository institutions.

(Pub. L. 100-418, title III, §3103, Aug. 23, 1988, 102 Stat. 1376.)

#### § 5324. Statement of policy

It is the policy of the United States that—

(1) increasing growth in the developing world is a major goal of international economic policy;

(2) it is necessary to broaden the range of options in dealing with the debt problem to include improved mechanisms to restructure existing debt;

(3) active consideration of a new multi-lateral authority to improve the management of the debt problem and to share the burdens of adjustment more equitably must be undertaken; and

(4) countries with strong current account surpluses bear a major responsibility for providing the financial resources needed for growth in the developing world.

(Pub. L. 100-418, title III, §3104, Aug. 23, 1988, 102 Stat. 1376.)

#### PART B—INTERNATIONAL DEBT MANAGEMENT AUTHORITY

#### § 5331. International initiative

##### (a) Directive

###### (1) Study

The Secretary of the Treasury shall study the feasibility and advisability of establishing the International Debt Management Authority described in this section.

###### (2) Explanation of determinations

If the Secretary of the Treasury determines that initiation of international discussions with regard to such authority would (A) result in material increase in the discount at which sovereign debt is sold, (B) materially increase the probability of default on such debt, or (C) materially enhance the likelihood of debt service failure or disruption, the Secretary shall include in his interim reports to the Congress an explanation in detail of the reasons for such determination.

###### (3) Initiation of discussions

Unless such a determination is made, the Secretary of the Treasury shall initiate discussions with such industrialized and developing countries as the Secretary may determine to be appropriate with the intent to negotiate the establishment of the International Debt Management Authority, which would undertake to—

(A) purchase sovereign debt of less developed countries from private creditors at an appropriate discount;

(B) enter into negotiations with the debtor countries for the purpose of restructuring the debt in order to—

(i) ease the current debt service burden on the debtor countries; and

(ii) provide additional opportunities for economic growth in both debtor and industrialized countries; and

(C) assist the creditor banks in the voluntary disposition of their Third World loan portfolio.

##### (b) Objectives

In any discussions initiated under subsection (a) of this section, the Secretary should include the following specific proposals:

(1) That any loan restructuring assistance provided by such an authority to any debtor nation should involve substantial commitments by the debtor to (A) economic policies designed to improve resource utilization and minimize capital flight, and (B) preparation of an economic management plan calculated to provide sustained economic growth and to allow the debtor to meet its restructured debt obligations.

(2) That support for such an authority should come from industrialized countries, and that greater support should be expected from countries with strong current account surpluses.

(3) That such an authority should have a clearly defined close working relationship with the International Monetary Fund and the International Bank for Reconstruction and Development and the various regional development banks.

(4) That such an authority should be designed to operate as a self-supporting entity, requiring no routine appropriation of resources from any member government, and to function subject to the prohibitions contained in the first sentence of section 5332(a) of this title.

(5) That such an authority should have a defined termination date and a clear proposal for the restoration of creditworthiness to debtor countries within this timeframe.

##### (c) Interim reports

At the end of the 6-month period beginning on August 23, 1988, and at the end of the 12-month period beginning on August 23, 1988, the Secretary of the Treasury shall submit a report on the progress being made on the study or in discussions described in subsection (a) of this section to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate, and shall consult with such committees after submitting each such report.

##### (d) Final report

On the conclusion of the study or of discussions described in subsection (a) of this section, the Secretary shall transmit a report containing a detailed description thereof to the Committee

on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate, together with such recommendations for legislation which the Secretary may determine to be necessary or appropriate for the establishment of the International Debt Management Authority.

(Pub. L. 100–418, title III, §3111, Aug. 23, 1988, 102 Stat. 1376.)

#### CHANGE OF NAME

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104–14, set out as a note preceding section 21 of Title 2, The Congress.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 5332, 5333 of this title.

### § 5332. Actions to facilitate creation of Authority

#### (a) In general

No funds, appropriations, contributions, callable capital, financial guarantee, or any other financial support or obligation or contingent support or obligation on the part of the United States Government may be used for the creation, operation, or support of the International Debt Management Authority specified in section 5331 of this title, without the express approval of the Congress through subsequent law, nor shall any expenses associated with such authority, either directly or indirectly, accrue to any United States person without the consent of such person. Except as restricted in the preceding sentence, the Secretary of the Treasury shall review all potential resources available to the multilateral financial institutions which could be used to support the creation of the International Debt Management Authority. In the course of this review, the Secretary shall direct—

(1) the United States Executive Director of the International Monetary Fund to determine the amount of, and alternative methods by which, gold stock of the Fund which, subject to action by its Board of Governors, could be pledged as collateral to obtain financing for the activities of the authority specified in section 5331 of this title; and

(2) the United States Executive Director to the International Bank for Reconstruction and Development to determine the amount of, and alternative methods by which, liquid assets controlled by such Bank and not currently committed to any loan program which, subject to action by its Board of Governors, could be pledged as collateral for obtaining financing for the activities of the authority specified in section 5331 of this title.

The Secretary of the Treasury shall include a report on the results of the review in the first report submitted under section 5331(c) of this title.

#### (b) Construction of section

Subsection (a) of this section shall not be construed to affect any provision of the Articles of

Agreement of the International Monetary Fund or of the International Bank for Reconstruction and Development or any agreement entered into under either of such Agreements.

(Pub. L. 100–418, title III, §3112, Aug. 23, 1988, 102 Stat. 1378.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 5331 of this title.

### § 5333. IMF-World Bank review

#### (a) IMF review

The United States Executive Director of the International Monetary Fund shall request the management of the International Monetary Fund to prepare a review and analysis of the debt burden of the developing countries, with particular attention to alternatives for dealing with the debt problem including new lending instruments, rescheduling and refinancing of existing debt, securitization and debt conversion techniques, discounted debt repurchases, and the International Debt Management Authority described in section 5331 of this title no later than 1 year after August 23, 1988.

#### (b) World Bank review

The United States Executive Director to the International Bank for Reconstruction and Development shall request the management of the International Bank for Reconstruction and Development to prepare a review and analysis of the debt burden of the developing countries, with particular attention to alternatives for dealing with the debt problem including new lending instruments, rescheduling and refinancing of existing debt, securitization and debt conversion techniques, discounted debt repurchases, and the International Debt Management Authority described in section 5331 of this title no later than 1 year after August 23, 1988.

(Pub. L. 100–418, title III, §3113, Aug. 23, 1988, 102 Stat. 1378.)

#### SUBCHAPTER III—PRIMARY DEALERS

### § 5341. Short title

This subchapter may be cited as the “Primary Dealers Act of 1988”.

(Pub. L. 100–418, title III, §3501, Aug. 23, 1988, 102 Stat. 1386.)

#### REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this subtitle”, meaning subtitle F (§§3501, 3502) of title III of Pub. L. 100–418, which enacted this subchapter.

### § 5342. Requirement of national treatment in underwriting government debt instruments

#### (a) Findings

The Congress finds that—

(1) United States companies can successfully compete in foreign markets if they are given fair access to such markets;

(2) a trade surplus in services could offset the deficit in manufactured goods and help lower the overall trade deficit significantly;

(3) in contrast to the barriers faced by United States firms in Japan, Japanese firms

generally have enjoyed access to United States financial markets on the same terms as United States firms; and

(4) United States firms seeking to compete in Japan face or have faced a variety of discriminatory barriers effectively precluding such firms from fairly competing for Japanese business, including—

(A) limitations on membership on the Tokyo Stock Exchange;

(B) high fixed commission rates (ranging as high as 80 percent) which must be paid to members of the exchange by nonmembers for executing trades;

(C) unequal opportunities to participate in and act as lead manager for equity and bond underwritings;

(D) restrictions on access to automated teller machines;

(E) arbitrarily applied employment requirements for opening branch offices;

(F) long delays in processing applications and granting approvals for licenses to operate; and

(G) restrictions on foreign institutions' participation in Ministry of Finance policy advisory councils.

**(b) Designation of certain persons as primary dealers prohibited**

**(1) General rule**

Neither the Board of Governors of the Federal Reserve System nor the Federal Reserve Bank of New York may designate, or permit the continuation of any prior designation of, any person of a foreign country as a primary dealer in government debt instruments if such foreign country does not accord to United States companies the same competitive opportunities in the underwriting and distribution of government debt instruments issued by such country as such country accords to domestic companies of such country.

**(2) Certain prior acquisitions excepted**

Paragraph (1) shall not apply to the continuation of the prior designation of a company as a primary dealer in government debt instruments if—

(A) such designation occurred before July 31, 1987; and

(B) before July 31, 1987—

(i) control of such company was acquired from a person (other than a person of a foreign country) by a person of a foreign country; or

(ii) in conjunction with a person of a foreign country, such company informed the Federal Reserve Bank of New York of the intention of such person to acquire control of such company.

**(c) Exception for countries having or negotiating bilateral agreements with United States**

Subsection (b) of this section shall not apply to any person of a foreign country if—

(1) that country, as of January 1, 1987, was negotiating a bilateral agreement with the United States under the authority of section 2112(b)(4)(A) of title 19; or

(2) that country has a bilateral free trade area agreement with the United States which entered into force before January 1, 1987.

**(d) “Person of a foreign country” defined**

For purposes of this section, a person is a “person of a foreign country” if that person, or any other person which directly or indirectly owns or controls that person, is a resident of that country, is organized under the laws of that country, or has its principal place of business in that country.

**(e) Effective date**

This section shall take effect 12 months after August 23, 1988.

(Pub. L. 100-418, title III, §3502, Aug. 23, 1988, 102 Stat. 1386.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in title 10 section 2491.

SUBCHAPTER IV—FINANCIAL REPORTS

**§ 5351. Short title**

This subchapter may be cited as the “Financial Reports Act of 1988”.

(Pub. L. 100-418, title III, §3601, Aug. 23, 1988, 102 Stat. 1387.)

REFERENCES IN TEXT

This subchapter, referred to in text, was in the original “this subtitle”, meaning subtitle G (§§3601-3604) of title III of Pub. L. 100-418, which enacted this subchapter.

**§ 5352. Quadrennial reports on foreign treatment of United States financial institutions**

Not less frequently than every 4 years, beginning December 1, 1990, the Secretary of the Treasury, in conjunction with the Secretary of State, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, and the Department of Commerce, shall report to the Congress on (1) the foreign countries from which foreign financial services institutions have entered into the business of providing financial services in the United States, (2) the kinds of financial services which are being offered, (3) the extent to which foreign countries deny national treatment to United States banking organizations and securities companies, and (4) the efforts undertaken by the United States to eliminate such discrimination. The report shall focus on those countries in which there are significant denials of national treatment which impact United States financial firms. The report shall also describe the progress of discussions pursuant to section 5353 of this title.

(Pub. L. 100-418, title III, §3602, Aug. 23, 1988, 102 Stat. 1387.)

**§ 5353. Fair trade in financial services**

**(a) Discussions**

When advantageous the President or his designee shall conduct discussions with the governments of countries that are major financial centers, aimed at:

(1) ensuring that United States banking organizations and securities companies have access to foreign markets and receive national treatment in those markets;

(2) reducing or eliminating barriers to, and other distortions of, international trade in financial services;

(3) achieving reasonable comparability in the types of financial services permissible for financial service companies; and

(4) developing uniform supervisory standards for banking organizations and securities companies, including uniform capital standards.

**(b) Consultation before discussions**

Before entering into those discussions, the President or his designee shall consult with the committees of jurisdiction in the Senate and the House of Representatives.

**(c) Recommendations**

After completing those discussions and after consultation with the committees of jurisdiction, the President shall transmit to the Congress any recommendations that have emerged from those discussions. Any recommendations for changes in United States financial laws or practices shall be accompanied by a description of the changes in foreign financial laws or practices that would accompany action by the Congress, and by an explanation of the benefits that would accrue to the United States from adoption of the recommendations.

**(d) Construction of section**

Nothing in this section may be construed as prior approval of any legislation which may be necessary to implement any recommendations resulting from discussions under this section.

(Pub. L. 100-418, title III, §3603, Aug. 23, 1988, 102 Stat. 1387.)

DELEGATION OF FUNCTIONS

Functions of President under this section delegated to Secretary of the Treasury by section 1 of Ex. Ord. No. 12781, Nov. 20, 1991, 56 F.R. 59203, set out as a note under section 301 of Title 3, The President.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 5352 of this title.

**§ 5354. Banks loan loss reserves**

The Federal Reserve Board shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives a report on the issues raised by including loan loss reserves as part of banks' primary capital for regulatory purposes by March 31, 1989. Such report shall include a review of the treatment of loan loss reserves and the composition of primary capital of banks in other major industrialized countries, and shall include an analysis as to whether loan loss reserves should continue to be counted as primary capital for regulatory purposes.

(Pub. L. 100-418, title III, §3604, Aug. 23, 1988, 102 Stat. 1388.)

CHANGE OF NAME

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

**CHAPTER 63—SUPPORT FOR EAST EUROPEAN DEMOCRACY (SEED)**

- Sec.  
5401. Support for East European Democracy (SEED) Program.  
    (a) SEED Program.  
    (b) Objectives of SEED assistance.  
    (c) SEED Actions.
5402. Scope of authority.  
    (a) General authorization.  
    (b) Administration of justice programs.  
    (c) "East European country" defined.

SUBCHAPTER I—STRUCTURAL ADJUSTMENT

5411. Multilateral support for structural adjustment in Poland and Hungary.  
    (a) Multilateral assistance for Poland and Hungary.  
    (b) Stabilization assistance, debt relief, and agricultural assistance for Poland.
5412. Stabilization assistance for Poland.  
    (a) Immediate emergency assistance.  
    (b) Immediate, multilateral response to Poland's economic stabilization needs.  
    (c) Additional authority to provide stabilization assistance.
5413. Agricultural assistance.  
    (a) Agricultural assistance strategy.  
    (b) Agricultural assistance for Poland.  
    (c) FY 1990 minimum level of agricultural assistance for Poland.  
    (d) Consistency with budget requirements.
5414. Debt-for-equity swaps and other special techniques.  
    (a) Reduction of debt burden.  
    (b) Authority for discounted sales of debt.  
    (c) Condition.

SUBCHAPTER II—PRIVATE SECTOR DEVELOPMENT

5421. Enterprise Funds for Poland and Hungary.  
    (a) Purposes.  
    (b) Authorization of appropriations.  
    (c) Nonapplicability of other laws.  
    (d) Designation of Enterprise Funds.  
    (e) Grants to Enterprise Funds.  
    (f) Eligible programs and projects.  
    (g) Matters to be considered by Enterprise Funds.  
    (h) Retention of interest.  
    (i) Use of United States private venture capital.  
    (j) Financial instruments for individual investment in Poland.  
    (k) Nonapplicability of other laws.  
    (l) Limitation on payments to Enterprise Fund personnel.  
    (m) Independent private audits.  
    (n) GAO audits.  
    (o) Recordkeeping requirements.  
    (p) Annual reports.
5422. Labor market transition in Poland and Hungary.  
    (a) Technical assistance.  
    (b) Types of technical assistance authorized.  
    (c) Administrative authorities.  
    (d) Consultation with appropriate officers.  
    (e) Consultation with labor and business representatives.  
    (f) Delegation of responsibilities.  
    (g) Authorization of appropriations.
5423. Technical training for private sector development in Poland and Hungary.